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CHAIR, BUDGET SUBCOMMITTEE 5:  
INFORMATION TECHNOLOGY /  
TRANSPORTATION

STANDING COMMITTEES  
ARTS, ENTERTAINMENT, SPORTS,  
TOURISM AND INTERNET MEDIA  
BUDGET  
TRANSPORTATION  
WATER, PARKS AND WILDLIFE

March 10, 2009

The Honorable Bill Lockyer  
The Honorable John Chiang  
Mike Genest, Director of Finance

Dear Treasurer Lockyer, Controller Chiang and Director Genest,

First, we would like to thank you for all of your hard work and leadership on the Pooled Money Investment Board, and in your respective roles as state financial officers, in dealing with the state's cash crisis. We sincerely appreciate the severity of this enormous challenge, and applaud your skill at shepherding the state through this difficult time.

You are no doubt aware of an impending cash flow problem with the California High-Speed Rail Authority that threatens to slow down and possibly derail the project, and may prevent it from competing for billions of dollars in federal stimulus funds. We are writing to ask for your assistance, and that of the Pooled Money Investment Account (PMIA), in rescuing this project.

Like many other infrastructure projects in California today, the High-Speed Rail Authority relies on bond funding as a major source of financing for its daily operations. Because of the state's inability to sell bonds in recent months, many contractors working on the project have not been paid since last October, and have been paying subcontractors out of their own pockets. It is unclear how long this can be sustained. But it is entirely clear that the Authority cannot continue to function much longer without receiving funding to pay its bills.

What is needed to remedy this situation, and to keep the High-Speed Rail project on schedule, is a cash infusion of \$22 million for the Authority. In addition to keeping the entire project moving forward, this funding is crucial to the Authority's ability to compete for part of the \$8 billion in the federal stimulus bill (the American Recovery and Reinvestment Act) that has been set aside for high-speed and intercity rail nationwide. According to the Authority, this project is well-positioned to compete for a significant portion of the \$8 billion, because it is the only project nationwide that has voter-approved funding (\$10 billion in bonds), and is poised to complete design and engineering work that will allow it to begin construction by 2011.

We urge you in your role as members of the PMIB to place this modest amount of funding on the list of priorities for PMIA funding that you will consider at your March 18 meeting. The specific amounts sought are \$18 million in Prop. 1A funds, and \$4 million in Prop. 116 funds.

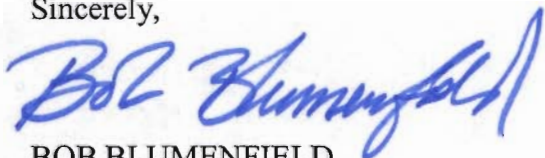
The Honorable Bill Lockyer  
The Honorable John Chiang  
Director Mike Genest  
Page 2

We are aware that there are many worthwhile infrastructure projects, such as schools, water, housing and transit, to name a few, that also are deserving of funding at this critical time. But, as you consider prioritizing these projects for limited PMIA funds, we respectfully request that you consider, as one of your criteria, a project's ability to draw down significant federal funds. In the case of High-Speed Rail, a short-term investment of \$22 million could lay the groundwork for leveraging potentially several billion in federal funds for California, according to the Authority. Failure to make this modest investment will contribute to a lost opportunity to access one-time federal funds.

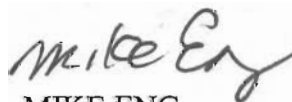
As you know, the High-Speed Rail project will create an estimated 160,000 construction jobs, and 450,000 permanent jobs. It is hard to overstate its effect on our state's economy at a time when such an infusion is desperately needed.

For all of these reasons, we respectfully urge you to consider \$22 million in PMIA funding this month for the High-Speed Rail Authority, as you weigh all of the important priorities before you.

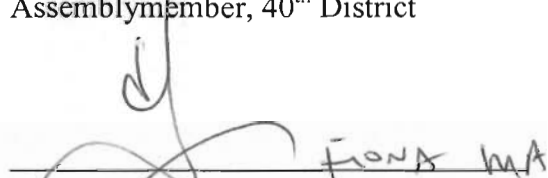
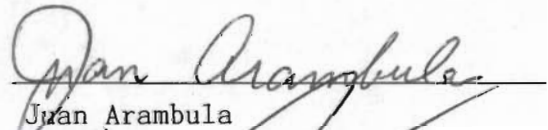
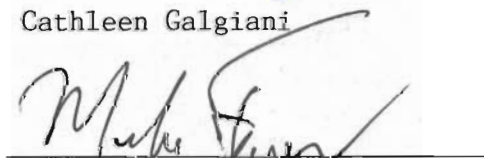

Sincerely,

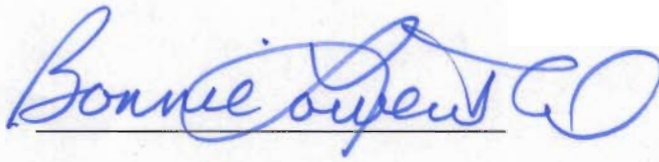


BOB BLUMENFIELD  
Assemblymember, 40<sup>th</sup> District

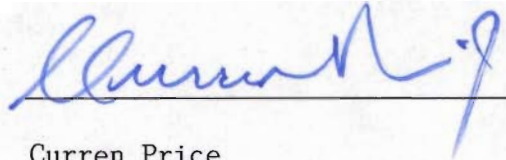


MIKE ENG  
Assemblymember, 49<sup>th</sup> District

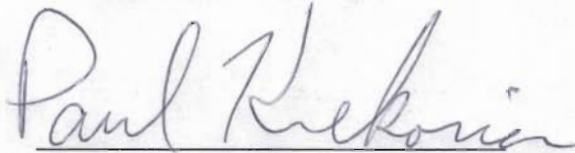
  
Fiona Ma  
Juan Arambula  
John Perez  
Jerry Hill  
Cathleen Galgiani  
Mike Feuer  
Karen Bass  
Ira Ruskin




Bonnie Lowenthal



Curren Price



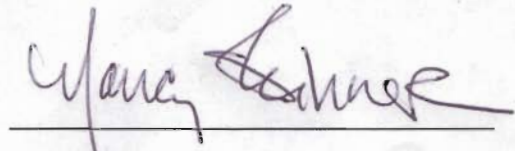
Paul Krekorian



Marty Block



Anthony Portantino



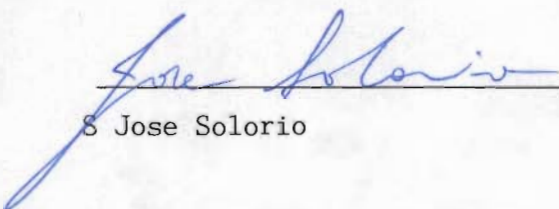
Nancy Skinner



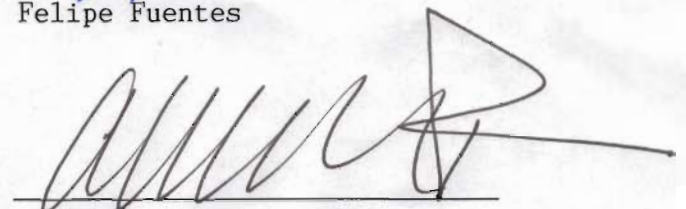
Tom Torlakson



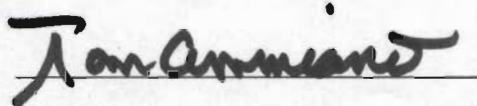
Felipe Fuentes



Jose Solorio



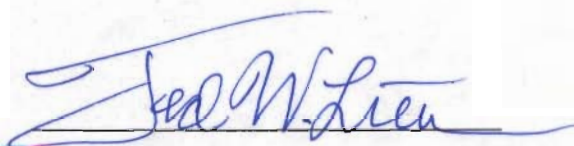
Alberto Torrico



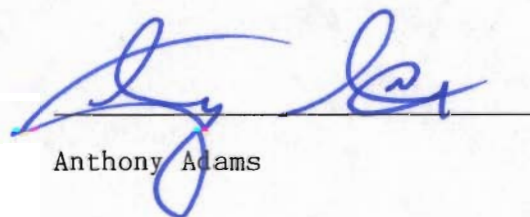
Tom Ammiano



Paul Fong



Ted Lieu



Anthony Adams

The Honorable Bill Lockyer  
The Honorable John Chiang  
Director Mike Genest  
Page 4

Anna M. Caballero

Anna Caballero

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